

the 15 started in last year's first quarter. Thunder Bay housing starts were off in 2005 and demand factors suggest that 2006 may not be much better.

Forest products weakness and slightly increasing mortgage rates will temper any upswing in housing starts in 2006. Building permit activity, a precursor to new housing starts has been relatively weak in 2006. Finally, Thunder Bay resale market activity is behind 2005 thus far to the end of February.

North Bay and Timmins' housing starts are also ahead of last year. North Bay's ten first quarter starts are double the five starts that have been counted on average over the last five years in the first quarter of the year. Timmins' six starts is more than triple the five-year average for

first quarters. Multiple family starts in 2005 were negligible in Northern Ontario with the exception in North Bay.

Average prices for absorbed new single-detached units in Thunder Bay, Sudbury, Sault Ste. Marie, and North Bay are found in Table 3. Average prices for the quarter are over \$200,000 in three of these markets, with Sault Ste. Marie's average absorbed single-detached housing price lagging behind at \$183,000 for the quarter.

Northern Ontario Resale Markets Sudbury: Strong First Quarter

Sudbury's resale market remains in a sellers' market state. Despite high

snowfall amounts in the month of February, the Greater Sudbury resale market demonstrated unwavering strength posting the highest number of resales since 1990.

Greater Sudbury's 525 sales in the first quarter of 2006 were second only to the 548 in the first quarter of 1990. Annual 2005 Sudbury sales broke the 2004 record rising to 2,593, up from 2,500 last year.

Average prices continued their torrid run-up, jumping 11.9 per cent in the quarter. The first quarter average price of \$141,519 was the highest quarterly average price figure ever recorded.

Thunder Bay: Sales Off

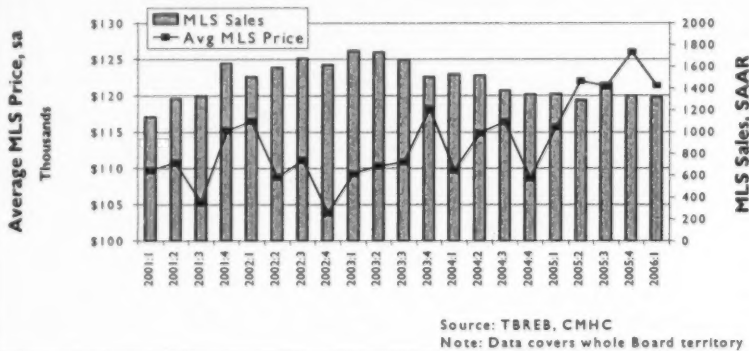
Forestry sector weakness and the accompanied spin-offs are affecting consumer confidence in Northwestern Ontario at the present time. Resale market conditions continue to support a balanced market classification in Thunder Bay.

According to data in the City of Thunder Bay recorded by the Thunder Bay Real Estate Board, first quarter sales slipped 13.2 per cent.

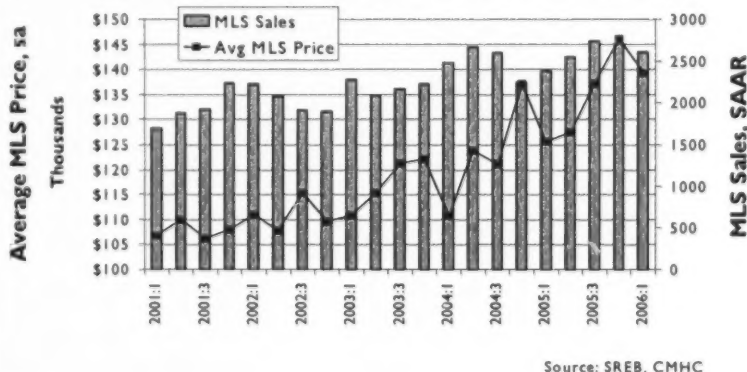
Despite the sales weakness, average prices continued to rise. Prices rose in the first quarter 3.8 per cent compared to the first quarter of 2005. Sales at the upper end of the market account for a relatively high percentage of sales.

Rising construction costs and demand for larger units with more amenities are contributing to this upward shift in price ranges. Table 4 presents new construction absorption information by volume and by price range. The \$200,000 plus price range is the most popular in Sudbury, Thunder Bay and North Bay, while the \$150,000 to \$199,999 range is most popular in Sault Ste. Marie.

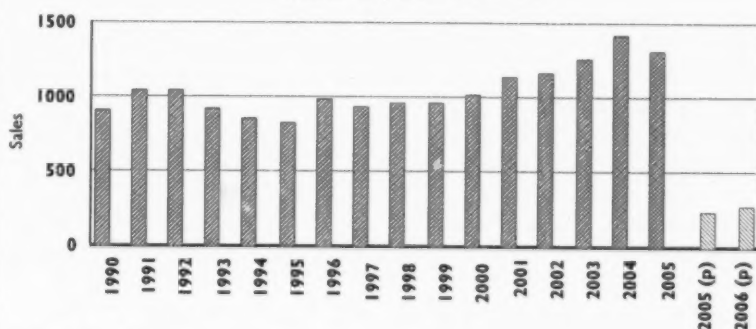
Thunder Bay Resales Soften



Sudbury Resale Market Still Strong



North Bay Sales Take Off



(p) to March 31st.
Source: NBREB.

North Bay: Record First Quarter

After a pause in 2005, North Bay resales lurched out of the gate in 2006 and set a record for all first quarters. Two hundred and eighty sales in the quarter were 19.1 per cent higher than last year's first quarter. Average prices jumped 17.8 per cent to close the quarter averaging \$157,418. New listings also started strongly with the second highest first quarter mark for new listings (479).

Table 1A: Housing Activity Summary for Thunder Bay CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD		CONDOMINIUM					
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
STARTS								
Q1 2006	12	2	0	0	0	0	0	14
Q1 2005	1	0	0	0	14	0	0	15
% Change	**	NA	NA	NA	-100.0	NA	NA	-6.7
Year-to-date 2006	12	2	0	0	0	0	0	14
Year-to-date 2005	1	0	0	0	14	0	0	15
% Change	**	NA	NA	NA	-100.0	NA	NA	-6.7
UNDER CONSTRUCTION								
March 2006	54	6	5	0	30	0	0	95
March 2005	68	4	5	0	45	0	0	122
COMPLETIONS								
Q1 2006	47	0	0	0	0	0	14	61
Q1 2005	54	2	0	0	0	0	0	56
% Change	-13.0	-100.0	NA	NA	NA	NA	NA	8.9
Year-to-date 2006	47	0	0	0	0	0	14	61
Year-to-date 2005	54	2	0	0	0	0	0	56
% Change	-13.0	-100.0	NA	NA	NA	NA	NA	8.9
COMPLETE & NOT ABSORBED								
March 2006	0	0	0	0	5	0	14	19
March 2005	5	0	0	0	0	0	0	5
ABSORPTIONS								
Q1 2006	48	0	0	0	0	0	0	48
Q1 2005	52	2	0	0	0	0	0	54
% Change	-7.7	-100.0	NA	NA	NA	NA	NA	-11.1
Year-to-date 2006	48	0	0	0	0	0	0	48
Year-to-date 2005	52	2	0	0	0	0	6	54
% Change	-7.7	-100.0	NA	NA	NA	NA	-100.0	-11.1

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

Table 1B: Housing Activity Summary for Sudbury CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD		CONDOMINIUM					
	SINGLE	SEMI	ROW	ROW	APT	ROW	APT	
STARTS								
Q1 2006	21	0	0	0	0	0	0	21
Q1 2005	18	0	0	0	0	0	0	18
% Change	16.7	NA	NA	NA	NA	NA	NA	16.7
Year-to-date 2006	21	0	0	0	0	0	0	21
Year-to-date 2005	18	0	0	0	0	0	0	18
% Change	16.7	NA	NA	NA	NA	NA	NA	16.7
UNDER CONSTRUCTION								
March 2006	78	2	0	0	0	0	0	80
March 2005	78	2	0	0	0	4	0	84
COMPLETIONS								
Q1 2006	77	8	0	0	0	4	0	89
Q1 2005	69	2	0	0	0	0	0	71
% Change	11.6	**	NA	NA	NA	NA	NA	25.4
Year-to-date 2006	77	8	0	0	0	4	0	89
Year-to-date 2005	69	2	0	0	0	0	0	71
% Change	11.6	**	NA	NA	NA	NA	NA	25.4
COMPLETE & NOT ABSORBED								
March 2006	11	2	0	0	0	0	0	13
March 2005	14	0	0	0	0	0	0	14
ABSORPTIONS								
Q1 2006	76	6	0	0	0	4	0	86
Q1 2005	63	2	0	0	0	0	0	65
% Change	20.6	200.0	NA	NA	NA	NA	NA	32.3
Year-to-date 2006	76	6	0	0	0	4	0	86
Year-to-date 2005	63	2	0	0	0	0	0	65
% Change	20.6	200.0	NA	NA	NA	NA	NA	32.3

*Includes all market types

**Year-over-year change greater than 200 per cent

Source: CMHC

Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change
North Bay	8	10	25.0	0	0	NA	8	10	25.0
Sault Ste. Marie	9	4	-55.6	0	0	NA	9	4	-55.6
Timmins	0	6	NA	0	0	NA	0	6	NA
Elliot Lake	0	2	NA	0	0	NA	0	2	NA
Haileybury	1	3	200.0	0	0	NA	1	3	200.0
Kenora	0	6	NA	0	0	NA	0	6	NA
Fort Frances	0	0	NA	0	0	NA	0	0	NA
Dryden	0	4	NA	0	0	NA	0	4	NA

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market: Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change
North Bay	8	10	25.0	0	0	NA	8	10	25.0
Sault Ste. Marie	9	4	-55.6	0	0	NA	9	4	-55.6
Timmins	0	6	NA	0	0	NA	0	6	NA
Elliot Lake	0	2	NA	0	0	NA	0	2	NA
Haileybury	1	3	200.0	0	0	NA	1	3	200.0
Kenora	0	6	NA	0	0	NA	0	6	NA
Fort Frances	0	0	NA	0	0	NA	0	0	NA
Dryden	0	4	NA	0	0	NA	0	4	NA

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings (\$)

Sub Market Area	Q1 2005	Q1 2006	% Change	YTD 2005	YTD 2006	% Change
Sudbury	221,862	261,211	17.7	221,862	261,211	17.7
Thunder Bay	217,327	223,021	2.6	217,327	223,021	2.6
North Bay	245,556	254,982	3.8	245,556	254,982	3.8
Sault Ste. Marie	189,597	183,000	-3.5	189,597	183,000	-3.5

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES						TOTAL
	<\$149,999		\$150 - \$199,999		\$200,000 +		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Sudbury CMA							
Q1 2006	1	1.3	12	15.8	63	82.9	76
Q1 2005	6	9.5	26	41.3	31	49.2	63
YTD 2006	1	1.3	12	15.8	63	82.9	76
YTD 2005	6	9.5	26	41.3	31	49.2	63
Thunder Bay CMA							
Q1 2006	4	8.3	17	35.4	27	56.3	48
Q1 2005	6	11.5	11	21.2	35	67.3	52
YTD 2006	4	8.3	17	35.4	27	56.3	48
YTD 2005	6	11.5	11	21.2	35	67.3	52
Sault Ste. Marie CA							
Q1 2006	5	14.3	21	60.0	9	25.7	35
Q1 2005	5	14.3	12	34.3	18	51.4	35
YTD 2006	5	14.3	21	60.0	9	25.7	35
YTD 2005	5	14.3	12	34.3	18	51.4	35
North Bay CA							
Q1 2006	3	5.9	16	31.4	32	62.7	51
Q1 2005	1	2.9	10	29.4	23	67.6	34
YTD 2006	3	5.9	16	31.4	32	62.7	51
YTD 2005	1	2.9	10	29.4	23	67.6	34

Source: CMHC

Note: N/A may appear where CMHC data suppression rules apply

Table 5: Resale Housing Activity for Northern Ontario

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
Thunder Bay CMA						
Q1 2005	280	-8.2	563	49.7	110,094	4.0
Q1 2006	243	-13.2	680	35.7	114,301	3.8
YTD 2005	280	-8.2	563		110,094	4.0
YTD 2006	243	-13.2	680		114,301	3.8
Sudbury CMA						
Q1 2005	494	-4.1	904	54.6	126,504	1.0
Q1 2006	525	6.3	924	56.8	141,519	11.9
YTD 2005	494	-4.1	904		126,504	8.6
YTD 2006	525	6.3	924		141,519	11.9
Sault Ste Marie CA						
Q1 2005	217	19.2	459	47.3	94,339	4.8
Q1 2006	263	21.2	461	57.0	93,374	-1.0
YTD 2005	217	19.2	459		94,339	4.8
YTD 2006	263	21.2	461		93,374	-1.0
North Bay CA						
Q1 2005	235	-14.2	374	62.8	133,655	6.8
Q1 2006	280	19.1	479	58.5	157,418	17.8
YTD 2005	235	-14.2	374		133,655	6.8
YTD 2006	280	19.1	479		157,418	17.8
Timmins CA						
Q1 2005	178	-14.4	400	44.5	83,520	1.8
Q1 2006	211	18.5	328	64.3	87,724	5.0
YTD 2005	178	-14.4	400		83,520	1.8
YTD 2006	211	18.5	328		87,724	5.0

* Thunder Bay sales are taken from subdistricts 1-32 of the Thunder Bay Real Estate Board except for new listings which are for whole Board territory.

Source: Canadian Real Estate Association

Table 6: Economic Indicators

	Interest and Exchange Rates				Inflation Rate (%) Ontario 1996=100	Thunder Bay Labour Market		Sudbury Labour Market	
	P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US:\$Cdn)		Employment SA ⁽¹⁾ (,000)	Unemployment Rate (%) SA	Employment SA ⁽²⁾ (,000)	Unemployment Rate (%) SA
		1 Yr. Term	5 Yr. Term						
2005 January	642.78	4.8	6.1%	0.806	1.6	64.0	8.2	80.0	7.9
February	642.78	4.8	6.1%	0.811	2.2	64.1	7.9	79.9	7.9
March	654.74	5.1	6.3%	0.827	2.3	63.8	7.7	79.0	8.0
April	642.78	4.9	6.1	0.795	2.3	64.6	7.6	78.4	7.4
May	636.84	4.9	6.0	0.797	1.5	64.5	7.3	77.4	7.4
June	622.08	4.8	5.7	0.816	1.9	65.0	7.7	76.2	7.5
July	627.97	4.9	5.8	0.817	1.9	64.2	7.5	75.1	8.2
August	627.97	5.0	5.8	0.842	2.7	64.3	7.2	74.3	8.4
September	627.97	5.0	5.8	0.860	3.3	64.0	6.6	74.9	8.3
October	639.81	5.3	6.0	0.847	2.5	63.7	6.5	75.0	7.6
November	648.75	5.6	6.2	0.857	2.0	62.7	6.4	75.2	7.5
December	657.75	5.8	6.3	0.860	2.1	62.3	6.3	74.8	7.3
2006 January	657.75	5.8	6.3	0.878	3.0	61.6	6.4	75.1	7.5
February	666.80	5.9	6.5	0.880	2.0	61.6	6.9	75.5	7.7
March	666.80	6.1	6.5	0.856	2.3	61.2	7.4	76.0	8.2
April									
May									
June									
July									
August									
September									
October									
November									
December									

* Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period.

** Seasonally Adjusted

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

1. Starts: refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.

2. Under Construction: those units which have been started but which are not complete.

3. Completions - Single-detached/semi-detached units: this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy

4. Completed and Not Absorbed: all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.

5. Absorptions: the number of completed units (excluding model homes) that have been sold or leased.

6. Seasonally Adjusted (SA): Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.

7. Seasonally Adjust Annual Rates (SAAR): Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.

8. Definitions for CMA, and Inflation Rate can be found in the Statistics Canada website - <http://www.statcan.ca>

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